NO.

IN THE SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1982

SONA FOOD PRODUCTS COMPANY	)
	)
PETITIONER,	)
	)
v.	)
	)
HAIN PURE FOOD CO., INC.	)
	)
RESPONDENT.	)
	)

APPENDIX TO PETITION FOR WRIT OF CERTIORARI TO THE U.S. COURT OF APPEALS FOR THE NINTH CIRCUIT

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FILED January 30, 1978

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

HAIN PURE FOOD CO., INC.	)	
	)	Civil Action
Plaintiff,	)	No. 76 3379
	)	
v.	)	
	)	SUMMARY
SONA FOOD PRODUCTS CO.	)	JUDGMENT
	)	
Defendant.	)	
	)	

This action came on for hearing on January 23, 1978 before the Court, Honorable A. Andrew Hauk, District Judge, presiding, and the issues having been duly heard and a decision having been duly rendered, in accordance with this Court's Findings of Fact and Conclusions of Law,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. Summary judgment in favor of

plaintiff on its Complaint for trademark and trade dress infringement and unfair competition is granted.

2. Defendant's first and second counterclaims, having been withdrawn, are dismissed with prejudice.

3. Defendant's third counterclaim is dismissed with prejudice.

4. Plaintiff is entitled to an injunction against further trademark and trade dress infringement and unfair competition by defendant, which injunction shall issue separately.

5. Plaintiff is entitled to an accounting of its damages and defendants profits.

6. Plaintiff shall recover its costs of action, including accounting costs.

Dated at Los Angeles, California this 30th day of January, 1978.

A. Andrew Hauk
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

HAIN PURE FOOD CO., INC.	
Plaintiff,	Civil Action No. 76 3379
v.	FINDINGS OF FACT AND
SONA FOOD PRODUCTS CO.	CONCLUSIONS OF LAW
Defendant.	

Plaintiff's Motion for Summary Judgment in its favor on its Complaint and on each of Defendants three counterclaims having come on for hearing on January 23, 1978, the showings of plaintiff and defendant having been considered, oral argument having been had, and Defendant having withdrawn its first and second counterclaims in its response to the Motion for Summary Judgment, the Court, being advised in the premises, hereby makes the following Findings of

Fact and Conclusions of Law:

FINDINGS OF FACT

I

Plaintiff, Hain Pure Food Co., Inc., is a corporation organized under the laws of California, and has its principal office and place of business at 13660 South Figueroa Street, Los Angeles, California 90061.

II

Defendant Sona Food Products Company is a corporation organized under the laws of California, and has its principal office and place of business at 3712 Cerritos Avenue, Los Alamitos, California, within the Southern District of California, Central Division.

III

The jurisdiction of this court arises under 28 U.S.C. §1338, this being

an action for false designation of origin under the trademark laws of the United States, 15 U.S.C. §1125. Plaintiff's common law claims of unfair competition and infringement of common law trademark are joined with the substantial and related claim of false designation of origin.

IV

Beginning at least as early as 1970, plaintiff adopted and used a trade dress, label, and trademark on its salt, mayonnaise and vegetable and nut oils products, such goods being manufactured and sold by said plaintiff, which trade dress, label and trademark are shown in Exhibit A to the Complaint and Exhibit A hereto. Thereafter, plaintiff used said label, trademark and trade dress in United States commerce. Subsequently,

plaintiff utilized the label, trademark and trade dress on other food products.

V

Plaintiff has used said label, trademark and trade dress on its salt, mayonnaise and vegetable and nut oils products which have been sold by plaintiff in interstate commerce. Plaintiff has widely used this label, trademark and trade dress in literature and advertising whereby such label, trademark and trade dress have been recognized in the trade as identifying products sold by plaintiff.

VI

In view of the above facts, plaintiff has established itself as the lawful owner and user of said label, trademark and trade dress generally, and specifically as applied to food prod-

ucts.

VII

Plaintiff has continuously used said label, trademark and trade dress in association with plaintiff's salt, mayonnaise and vegetable and nut oil products from at least the year 1970 to the present date, and during said period of use, plaintiff has extensively advertised and promoted, at expenses exceeding ten thousand dollars ($10,000.00), products bearing such label, trademark and trade dress. Plaintiff has sold in interstate commerce a very substantial quantity of goods bearing such label, trademark and trade dress, such goods having a value greatly in excess of ten thousand dollars ($10,000.00) whereby the label, trademark and trade dress have become well known among purchasers.

Due to the high quality of the products sold under the label, trademark and trade dress by plaintiff and the large advertising expenditures and sales thereof by plaintiff, said label, trademark and trade dress have acquired good will valued greatly in excess of ten thousand dollars ($10,000.00) representing to buyers in the trade the high quality of the products manufactured and sold by plaintiff.

VIII

Defendant, without license from plaintiff, has, subsequent to plaintiff's use of its label, trademark and trade dress, promoted, sold and advertised mayonnaise and safflower oil products under the label, trademark and trade dress of plaintiff within the Central District of California, and

elsewhere interstate in the United States. Defendant has affixed, applied, annexed and used in connection with its mayonnaise and safflower oil products the label, trademark and trade dress of plaintiff, such label, trademark and trade dress being shown in Exhibit B to the Complaint and Exhibit B hereto, and tending falsely to describe or represent the same; and defendant has caused such goods to enter into commerce. Further defendant has, with the knowledge of the falsity of such designation of origin and description and misrepresentation, caused and procurred the same to be transported in commerce and delivered the same to a carrier to be transported.

IX

The label of defendant, while displaying the notice of a federal trade-

mark registration of the letter R enclosed in a circle, thus ®, is falsely labeled as defendant has not in fact been granted any such registration by the United States Patent and Trademark Office and has used a symbol indicating Kosher approval without being authorized to use that symbol, each of these acts having been done in bad faith.

X

Defendant's continued usage of the label, trademark and trade dress of plaintiff in association with defendant's goods and the use of such label, trademark and trade dress by defendant has caused and is likely to cause confusion in the trade and is likely to deceive consumers as to the source and origin of said goods and such usage by defendant has been in bad faith. Defendant

has admitted that such confusion has occurred.

XI

The aforesaid acts of defendant constitute false designation of origin under the laws of the United States (15 U.S.C. §1125), whereby plaintiff has been and is irreparably damaged.

XII

The acts alleged in defendant's first and second counterclaims occurred, if at all, at a time prior to 1970.

XIII

The acts alleged in defendant's third counterclaim constitute an admission of unfair competition by defendant because plaintiff was the first to adopt the confusingly similar trademark and trade dress set forth in defendant's third counterclaim.

XIV

The allegations made in defendant's first, second and third counterclaims were made in bad faith because defendant knew, or inexcusably failed to recognize, that no recovery could be had on those counterclaims (see Findings of Fact Nos. XII and XIII). In addition defendant acted in bad faith by deliberately evading response to discovery and misrepresenting the facts in its response to discovery.

XV

Defendant has withdrawn its first and second counterclaims.

XVI

There is no genuine dispute as to any material fact relevant to the issues raised by plaintiff's motion for summary judgment.

CONCLUSIONS OF LAW

I

This is a civil action for false designation of origin, trademark infringement and unfair competition.

II

The Court has jurisdiction over the defendant SONA FOOD PRODUCTS COMPANY.

III

This Court has jurisdiction of this cause by reason of the provisions of Sections 1338 of Title 28 United States Code.

IV

Defendant's use of plaintiff's trademark, label and trade dress is likely to cause confusion or mistake or to deceive members of the public as to the source of origin of defendant's products.

V

By its use of plaintiff's trademark, label and trade dress defendant has infringed upon and is infringing upon the exclusive right of plaintiff to use and to control the use of its trademark, label and trade dress.

VI

By its manner of use of plaintiff's trademark, label and trade dress on its products in advertising, promotional material and otherwise, defendant SONA FOOD PRODUCTS COMPANY has competed unfairly with, and is competing unfairly with plaintiff.

VII

Plaintiff is entitled to an injunction perpetually enjoining defendant, its agents, servants, employees and attorneys and those persons in active

concert or participation with them from using plaintiff's trademark, label and trade dress as shown in Exhibit A hereto as all or part of any trademark, label or trade dress and from using any trademark, label or trade dress confusingly similar thereto and/or competing unfairly with plaintiff, and specifically from employing said label, trademark and trade dress or any label, trademark or trade dress confusingly similar thereto in connection with the advertising or sale of mayonnaise or safflower oil products.

VIII

Defendant's first counterclaim failed to state a cause of action.

IX

Defendant's first counterclaim is barred by the Statute of Limitations,

California Business and Professions Code §16750.1.

X

Defendant's second counterclaim failed to state a cause of action.

XI

Defendant's second counterclaim is barred by the Statute of Limitations, California Business and Professions Code §16750.1.

XII

Defendant's third counterclaim should be dismissed because plaintiff was the first to adopt the trademark and trade dress which defendant claims and admits to be confusingly similar to its own (see Findings Nos. IX, X, XI, XII, XIII and IX).

XIII

Defendant has conducted its defense

of this action in bad faith.

XIV

Summary judgment is appropriate in this case.

XV

Defendant SONA FOOD PRODUCTS COMPANY shall, within 30 days after the entrance of these FINDINGS OF FACT and CONCLUSIONS OF LAW, submit to this Court, and serve on plaintiff, a full and complete statement of its sales and profits from its products bearing the infringing trademark, label and trade dress in order than an accounting may be had and damages awarded plaintiff.

XVI

Plaintiff shall be entitled to its costs including costs of accounting.

Dated at Los Angeles, California

this 30th day of January, 1978.

A. Andrew Hauk
UNITED STATES DISTRICT JUDGE

HAIN PURE FOOD CO., INC., Plaintiff,

v.

SCNA FOOD PRODUCTS COMPANY, Defendant.

Civ. A. No. 76-3379-AAH.

United States District Court, C. D. California.

May 19, 1980.

On motion for an accounting and attorney fees in action in which defendant was found to have infringed plaintiff's trademark, trade dress and label, the District Court, Hauk, J., held that: (1) where defendant sold $465,963.80 worth of products infringing plaintiff's trademark, trade dress, and label, plaintiff was entitled to $50,000 damages, $1,000 to compensate for corrective advertising, and $500 for punitive damages, and (2) defendant having failed

to stop its sales of products infringing plaintiff's trademark following entry of court's order and injunction, acted in contempt and plaintiff was entitled to $5,000 in attorney fees for uncovering contempt of defendant and preparing and arguing motions for an accounting and attorney fees.

Judgment accordingly.

1. Trade Regulation--680, 683

Where defendant sold $465,963.80 worth of products infringing plaintiff's trademark, trade dress, and label, plaintiff was entitled to $50,000 damages, $1,000 to compensate for corrective advertising, and $500 punitive damages.

2. Trade Regulation--729

Defendant, which failed to stop its sales of products infringing plaintiff's

trademark, trade dress, and label following entry of court's order and injunction, was guilty of contempt and plaintiff was entitled to $5,000 in attorney fees for uncovering defendant's contempt and for preparing and arguing its motions for accounting and attorney fees.

Lyon & Lyon, James W. Geriak, James J. Short, Coe A. Bloomberg, William L. Respess, Los Angeles, Cal., for plaintiff.

Fulwider, Patton, Rieber, Lee & Utecht, Francis A. Utecht, Long Beach, Cal., for defendant.

FINDINGS OF FACT AND

CONCLUSIONS OF LAW

HAUK, District Judge.

Plaintiff's motions for an account-

ing and attorney's fees having come on for hearing on May 5, 1980, the showings of plaintiff and defendant having been considered and oral argument having been had, the Court hereby makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. Defendant's profits on sales of its products which infringed plaintiff's trademark, trade dress and label was in excess of $50,000. and an appropriate damage award to plaintiff is $50,000.

2. Plaintiff's accounting costs for the investigation of certain financial and sales records of the defendant by Mr. John Holder were $7,289.

3. Plaintiff's attorney's fees in uncovering the contempt of defendant were $2,250.

4. Plaintiff is entitled to attorney's fees of $2,750. for the preparation and argument of its motions for an accounting and attorney's fees.

5. Defendant failed to stop its sales of infringing product following the entrance of this Court's Order and Injunction of January 30, 1978.

6. Defendant failed to file a statement of its sales and profits within 30 days of this Court's Order and Injunction of January 30, 1978, as required by the Order and Injunction.

7. Defendant failed to pay the accounting costs required by this Court's Order and Injunction of January 30, 1978.

8. Defendant refused to honor its agreement to pay the accounting costs of Hain's accountant Mr. John Holder.

9. Plaintiff's annual sales are approximately ten times as large as those of defendant, and plaintiff realized certain economies of scale, as contrasted with defendant, because of this difference in total annual sales.

10. Had plaintiff made sales equal in volume to the infringing sales of defendant, its profits would have been $163,062.35.

11. Defendant's sales of infringing products less the cost of goods for such products was $125,549.

12. Sona's sales of infringing product totaled $465,963.80; its sales of infringing safflower oil were $445,685.20, its sales of infringing mayonnaise were $10,670. and its sales of infringing margarine were $9,608.60.

13. Defendant spent $5,828.57 in

advertising its infringing products.

14. When defendant adopted plaintiff's label, trademark and trade dress, its sales of such infringing products increased dramatically; when defendant stopped infringing, its sales of such products decreased dramatically.

15. This is an exceptional case and the award of attorney's fees is justified.

CONCLUSIONS OF LAW

[1,2] 1. This Court's prior Findings of Fact and Conclusions of Law previously rendered in this case on January 30, 1978 are equally applicable here and are hereby incorporated by reference.

2. Defendant has acted in contempt of this Court's January 30, 1978 Injunction and Order.

3. Plaintiff is entitled to an amount of $50,000. as damages from defendant's sale of infringing products.

4. Plaintiff is entitled to $5,000. in attorney's fees, $2,250. for uncovering the contempt of defendant and $2,750. for preparing and arguing its motions for an accounting and attorney's fees.

5. Plaintiff is entitled to the costs of its accountant of $7,289.

6. Plaintiff is entitled to $1,000. for corrective advertising.

7. Plaintiff is entitled to $500. punitive damages.

8. Plaintiff is entitled to its costs.

9. Plaintiff is entitled to 7% per annum on the amount of the judgment above, which totals $63,789. Interest

charges are to be measured at $4,465.23 per year and $12.23 per day from the date of entrance of the judgment in this case.

10. Plaintiff's motion for its attorney's fees expended before January 30, 1978 is denied.

11. Plaintiff's motion for interest on unliquidated damages is denied.

JUDGMENT

This action came on for hearing on May 5, 1980 before the Court, Honorable A. Andrew Hauk, District Judge presiding, on plaintiff's motion for an accounting and for attorney's fees. The issues having been duly heard and a decision having been duly rendered, in accordance with this Court's Findings of Fact and Conclusions of Law,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. Defendant has infringed the trademark, trade dress and label of plaintiff.

2. Defendant has competed unfairly with plaintiff.

3. Plaintiff has been damaged by the wrongful acts of defendant.

4. Defendant shall pay to the plaintiff the sum of $50,000. to compensate the plaintiff as damages due to defendant's infringement.

5. Defendant shall pay to the plaintiff the sum of $7,289. to compensate plaintiff for the accounting fees of Mr. John Holder.

6. Defendant shall pay to the plaintiff the sum of $1,000. to compensate the plaintiff for the expenses of corrective advertising.

7. Defendant shall pay to the

plaintiff the sum of $5,000. to compensate the plaintiff for its attorney's fees in uncovering the contempt of defendant and in preparing and arguing plaintiff's motions heard on May 5, 1980.

8. Defendant shall pay to the plaintiff the sum of $500. as punitive damages.

9. Plaintiff shall recover its costs of this action.

10. Plaintiff shall recover 7% per annum on the amount of the judgment above; interest charges are to be measured at $4,405.23 per year and $12.23 per day from the date of the entrance of this judgment.

11. Plaintiff's motion for its attorney's fees expended before January 30, 1978 is denied.

12. Plaintiff's motion for interest on unliquidated damages is denied.

MEMORANDUM

This Memorandum is supplied in accordance with Local Rule 7(h). Article 15 of the California Constitution Section 1 sets the legal rate of interest on a judgment at 7% per annum. Application of the interest rate to the total judgment in this case produces interest charges of $4,465.23 per year or $12.23 per day.

FILED APRIL 12, 1982

IN THE UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

HAIN PURE FOOD CO., INC.	
Plaintiff-Appellee,	No. 80-5463
v.	D.C. # CV 76-3379-AAH
SONA FOOD PRODUCTS CO.	MEMORANDUM
Defendant-Appellant.	

Appeal from the

United States District Court

for the Central District of California

Andrew A. Hauk, District Judge,

Presiding

Argued and submitted December 11, 1981

Before: SCHROEDER, CANBY, and NORRIS,

Circuit Judges.

This is an action for unfair competition under the Lanham Act, 15 U.S.C.

§1125, and for common law infringement and unfair competition in connection with a trademark that was not federally registered.

The district court granted summary judgment in favor of the plaintiff Hain, finding that Sona's use of a similar trademark and trade dress had "caused and is likely to cause confusion in the trade and is likely to deceive consumers as to the source and origin of said goods . . . ." The court awarded injunctive relief and ordered an accounting. The accounting resulted in a judgment for damages against Sona.

On appeal Sona raises two issues:

1. Whether the district court properly granted an accounting under 15 U.S.C. §1125 or the common law theories in the absence of actual deception;

2. Whether the district court awarded damages in the absence of a showing of actual harm.

Sona's first argument is without merit, for it is not necessary to show actual confusion in order to demonstrate that the trademark infringed or competed unfairly. The test is the "likelihood of confusion," and that is the test regardless of whether the violation is characterized as infringement, unfair competition, or false designation of origin. New West Corp. v. Nym Co., 595 F.2d 1194, 1201 (9th Cir. 1979). In this case, the appellant more than amply demonstrated a likelihood of confusion under the standards of New West and there was no material fact issue. There existed a sufficient basis for both the injunctive relief and the order for an accounting.

The bifurcation of the proceedings was not error. Id. at 1198; RJR Foods, Inc. v. White Rock Corp. 603 F.2d 1058, 1061 (2d Cir. 1979).

Sona's second contention is also without merit. In the accounting hearing, Hain introduced evidence of actual confusion and loss of sales in the Galavan letter and affidavit. This affidavit is not insubstantial because the individual purchaser rarely complains in the absence of clear confusion. Monsanto Chemical Co. v. Perfect Fit Prods. Mfg. Co., 349 F.2d 389, 396 (2d Cir. 1975).

Hain also demonstrated through sales charts that, during the period of alleged infringement, Sona's sales rose. The charts further showed that when Sona's conduct was enjoined, its sales

dropped sharply and Hain's rose. The finding that Hain's business was damaged by Sona's conduct was amply supported. As Sona acknowledges in its brief, a "precise showing is not required, and a [showing of a] diversion of sales, for example, would suffice." Quabaug v. Fabiano, 567 F.2d 154 (1st Cir. 1977), (citing H. A. Friend & Co. v. Friend & Co., 276 F. Supp. 707 (C.D. Cal. 1967), aff'd, 416 F.2d 526 (9th Cir. 1969)).

Affirmed.

FILED JUNE 22, 1982

IN THE UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

HAIN PURE FOOD CO., INC.	
Plaintiff-Appellee,	No. 80-5463 D.C. No. CV-76-3379-AAH
v.	
SONA FOOD PRODUCTS CO.	ORDER AMENDING MEMORANDUM
Defendant-Appellant.	DECISION

Before: SCHROEDER, CANBY, and NORRIS, Circuit Judges.

The memorandum decision decided April 12, 1982, is amended as follows:

Delete the three words "and Hain's rose" from the third and fourth lines of the last paragraph of the decision.

FILED JUNE 21, 1982

IN THE UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

HAIN PURE FOOD CO., INC.	
Plaintiff-Appellee,	No. 80-5463 D.C. No. CV-76-3379-AAH
v.	
SONA FOOD PRODUCTS CO.	ORDER
Defendant-Appellant.	

Before: SCHROEDER, CANBY, and NORRIS, Circuit Judges.

The panel as constituted above has voted to deny the petition for rehearing and to reject the suggestion for rehearing en banc.

The full court has been advised of the suggestion for rehearing en banc, and no judge of the court has requested a vote on the suggestion for rehearing en banc. Fed. R. App. P. 35(b).

The petition for rehearing is denied and the suggestion for rehearing en banc is rejected.

Court of Appeals, Ninth Circuit

The New West Corporation

v. NYM Company of California, Inc.

No. 76-3234

Decided May 1, 1979

Appeal from District Court for Central District of California, Hauk, J.

Action by The New West Corporation, doing business as New West, against NYM Company of California, Inc., doing business as New West Magazine, for trademark and trade name infringement and unfair competition, in which defendant counterclaims for trademark and trade name infringement and unfair competition. From judgment for defendant, plaintiff appeals. Modified.

Keith D. Beecher, and Jessup & Beecher, both of Los Angeles, Calif., for

appellant.

Lawrence W. Dam, Kenneth E. Kulzick, and Lillick, McHose & Charles, all of Los Angeles, Calif., for appellee.

Before Kilkenny and Anderson, Circuit Judges, and Solomon, District Judge.

Kilkenny, Circuit Judge.

This is an appeal from a judgment in a trade-mark case in favor of appellee NYM Company of California, Inc. (NYM) on cross-motions for summary judgment. After finding that there was no genuine issue of material fact, the district court concluded that NYM had established its ownership rights in the trade name and trade-mark "New West" as the title of its magazine and that appellant, The New West Corporation's (NWC) use of the name "New West" on its magazine was likely to cause public confusion. The court fur-

ther concluded that NWC's use of the name "New West" as the title of its magazine infringed upon NYM's ownership rights in the "New West" trade name and trade-mark and unfairly competed with NYM in violation of 15 U.S.C. §1125(a).

Each party alleges a use of its mark in interstate commerce. These allegations are not disputed by the parties and are supported by the record.

FACTS

The facts material to a determination of this case are contained in the district court's opinion. New West Corp. v. NYM Co. of California, Inc., 419 F.Supp. 40, 41-43 (C.D. Cal. 1976). We need not respond to appellant's contention that there was insufficient evidence to support the district court's findings of fact numbers 6 and 8 (419

F.Supp. at 43). These findings are surplusage and unnecessary to the decision.

We summarize the material facts as follows: On June 5, 1975, appellee adopted the name "New West" as the title of a new West Coast magazine which it intended to pattern after its existing New York magazine. On June 25, 1975, appellee's trade-mark counsel, after investigation, confirmed to appellee that the trade-mark and trade name "New West" was available for the new magazine. A logo for appellee's New West magazine was prepared on or about September 18, 1975, and was adopted by appellee on September 25, 1975. During the period September 1, 1975, through January 20, 1976, appellee proceeded with the activities prerequisite to launching the new publication. Discus-

sions were held with potential advertisers, distributors and public relations concerns. On December 9, 1975, a dummy issue of appellee's New West magazine was shown to the board of directors of appellee's promoting company, New York Magazine, which authorized the funds required for a direct mailing solicitation to over 400,000 potential subscribers. Other copies of the dummy issue were transported in December, 1975, to trade-mark counsel in Washington, D.C. and to advertising agencies in Connecticut and California. Appellee's dummy issue was a mockup of its eventual magazine. It contained sample advertising and editorial copy and was bound in a four-color cover bearing the New West logo as it actually appeared in regular issues.

Appellee filed a trade-mark application for the "New West" mark on December 23, 1975, which application was later opposed by appellant. On January 20, 1976, appellee publicly announced by way of a press release that the publishers of New York magazine intended to publish a West Coast periodical entitled "New West." On January 24, 1976, a 430,000 piece direct mail solicitation using the "New West" logo on exemplar covers was mailed by appellee to metropolitan areas in California. The first subscription orders for appellee's New West magazine were received on January 27, 1976. By February 5, 1976, a total of 13,883 subscriptions had been received. On February 9, 1976, appellee's promoting corporation, New York Magazine, published its Febru-

ary 23, 1976, issue which contained a special New West supplement prominently displaying the "New West" logo and containing features of the type eventually carried in New West magazine. Appellee, on February 9, 1976, published 10,000 copies of its inaugural edition which were circulated and sold in various West Coast markets during the ensuing month. Appellee's inaugural edition is substantially similar to appellee's later regular editions. It is identical in size, use of color, features, advertising and style to current issues of New West magazine.

During the period from December 1, 1975, through April 1, 1976, appellee spent approximately $1,300,000.00 to advertise and promote its New West magazine. The magazine is sold primarily

through subscriptions and is distributed primarily through the mails. At the time of trial, appellee had in excess of 150,000 subscribers, which subscribers accounted for 75% of the total sales for each issue of the magazine.

The promoters of appellant corporation met on October 19, 1975, and decided upon the format for a feature news magazine which they intended to publish. They adopted the name "New West" for the proposed magazine during the first week of December, 1975, and incorporated in California under the name "The New West Corporation" on December 15, 1976. Prior to January 26, 1976, appellant had not publicly disclosed its intent to publish a magazine entitled "New West," nor had appellant prior to that date sold advertising, solicited subscriptions

from the public contacted distributors, or conducted any promotion for its proposed New West magazine. Prior to January 20, 1976, appellant had not even prepared a logo for its proposed magazine.

The first public announcement that appellant intended to publish a magazine with the name "New West" was made in an article in the Los Angeles Times on January 26, 1976. Said article was initiated by appellant's president after he was aware of appellee's intent to publish a "New West" magazine. Appellant knew of appellee's promotional campaign prior to February 5, 1976. On that date, appellant printed 500 copies of a "Preview Edition" bearing the name of "New West." Said preview edition was 16 pages in length, was entirely black and white,

contained no paid advertising, and contained no original feature articles. The original purpose of the preview edition was to show it to potential advertisers. The preview edition was originally scheduled to be printed at a later point in time, but publication was accelerated in an attempt to put it on newsstands prior to any magazine published by appellee. Appellant published only one "regular" edition of its New West magazine in May, 1976 (though it bears a June, 1976, cover date). That issue is 60 pages in length excluding its cover, uses color throughout, contains considerable paid advertising, and features several original articles and stories.

In June, 1976, appellant announced its intent to suspend the publication of

further issues. At that date appellant had less than 500 paid subscribers to its New West magazine.

Based upon these undisputed facts, the district court concluded that appellee had established its ownership right in the trade name and trade-mark "New West" as the title of its news magazine. Additionally, the court concluded that appellee had not infringed upon any rights of the appellant, nor had appellee unfairly competed with the appellant.

The court further concluded that the appellant's use and threatened use of the name "New West" as the title of its magazine was likely to cause public confusion with appellee's trade-mark, "New West," and appellee's trade name, "New West Magazine," and that appel-

lant's use of the name "New West" as the title to its magazine infringed upon and misappropriated the ownership rights of the appellee in the "New West" trademark and trade name as owned by the appellee. Additionally, the district court concluded, among other things, that the appellant's use of the name "New West" as the title of its magazine unfairly competed with the appellee in violation of 15 U.S.C. §1125(a). Based upon its findings and conclusions, the district court entered a partial summary judgment in which it incorporated its conclusions, entered a permanent injunction preventing appellant from using the trade name or trade-mark "New West" or "New West Magazine" and granted appellee's counterclaim against appellant for such an amount of money damages as might

be awarded in a subsequent trial, together with costs and reasonable attorney fees as it might later establish at a hearing on that issue.

ISSUES

I. Did the district court err in granting summary judgment to appellee on the ground that the undisputed facts established its ownership of the trade name and trade-mark "New West"?

II. Did the district court err in holding on summary judgment that appellant's use of the trade name and trademark "New West" was likely to cause public confusion and, therefore, infringed upon and unfairly competed with appellee's rights in the mark in violation of the Lanham Act?

III. Did the district court err in awarding attorney fees to appellee?

I.

Jurisdiction of the district court was based upon 15 U.S.C. §1121 and an alleged violation of §43 of the Lanham Act, 15 U.S.C. §1125, which provides:

> "(a) Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation." [Emphasis supplied.]

[1] Section 1125(a) uses the term

"goods." The term covers, among other things: "Paper and paper articles, cardboard and cardboard articles; printed matter, newspaper and periodicals, books; bookbinding material; . . ." 37 C.F.R. Part 6, §6.1-16. [Emphasis supplied.] This regulation and its definition of goods have been upheld by the courts. Glenn v. Advertising Publications, Inc., 251 F.Supp. 889, 903, 148 USPQ 645, 655 (S.D. N.Y. 1966).

In construing this section the courts have uniformly held that it fashioned a new federal remedy against a particular kind of unfair competition that common law had effectively protected. American Heritage Life Ins. Co. v. Heritage Life Ins. Co., 494 F.2d 3, 14, 182 USPQ 77, 84-85 (CA5 1974); Norman M. Morris Corp. v. Weinstein, 466 F.2d

137, 141, 175 USPQ 130, 132-133 (CA5 1972).

[2] The purpose underlying the enactment of the section was to make actionable the deceptive use of false designations of origin. Scotch Whisky Assn. v. Barton Distilling Co., 489 F.2d 809, 813, 179 USPQ 712, 714 (CA7 1973).

[3] To recover for a violation of this section is not necessary that a mark or trade-mark be registered. National Lampoon Inc. v. American Broadcasting Co., Inc., 376 F.Supp. 733, 747, 182 USPQ 24, 33-34 (S.D. N.Y. 1974), aff'd. 497 F.2d 1343, 182 USPQ 6. The dispositive question is whether the party has a reasonable interest to be protected against false advertising. Quabaug Rubber Co. v. Fabiano Shoe Co., Inc., 567 F.2d 154, 160, 195 USPQ 689, 693-694 (CA1 1977).

The term "mark" is defined in 15 U.S.C. §1127 as follows:

> "The term 'mark' includes any trade-mark, service mark, collective mark, or certification mark entitled to registration under this chapter whether registered or not." [Emphasis supplied.]

The terms "trade-mark" and "trade name" are defined in 15 U.S.C. §1127 as follows:

> "The term 'trade-mark' includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others." [Emphasis supplied.]
>
> "The terms 'trade name' and 'commercial name' include individual names and surnames, firm names and trade names used by manufacturers, industrialists, merchants, agriculturists, and others to identify their businesses, vocations, or occupations; . . ." [Emphasis supplied.]

Section 1127 defines the term "use"

> "For the purposes of this chapter a mark shall be deemed to be used in

commerce (a) on goods when it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto and the goods are sold or transported in commerce and (b) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in this and a foreign country and the person rendering the services is engaged in commerce in connection therewith." [Emphasis supplied.]

Also expressed in 15 U.S.C. §1127 is the intent of Congress in passing the legislation.

"The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies . . ." [Empha-

sis supplied.]

[4] For the purposes of the chapter on trade-marks, including §1125(a), a mark is deemed to be "used in commerce" on goods when it is placed in any manner on the displays associated with the goods and the goods are sold or transported in commerce. 15 U.S.C. §1127. We hold that the appellee's mark was placed on the displays associated with its proposed publication. The displays consist of the 430,000 solicitations mailed to prospective customers in California with the "New West" logo prominently displayed inside and out, the mock-up issue mailed to advertisers in California and Connecticut and other such mailings and advertising on which the "New West" logo was placed. Here, as mentioned at the outset, there is no question but that the

goods were "transported in [Interstate] commerce" as defined by 15 U.S.C. §1127.

The recent New York district court decision, George Washington Mint, Inc. v. Washington Mint, Inc., 349 F.Supp. 255, 176 USPQ 251 (S.D. N.Y. 1972), is highly supportive of our holding that appellee established a prior use of the mark without an actual sale of the magazine with the mark affixed thereto. In Washington Mint, the defendant was found to have first shipped goods with its "Washington Mint" mark affixed on March 1, 1972. Plaintiff was found to have first shipped goods with its "Geo. Washington Mint" mark affixed on March 29, 1972. Despite prior affixation by defendant, plaintiff was held to have made out a prior "trademark use" of its mark by reason of its earlier sales

efforts. The court there stated:

> "The plaintiff has established that its first use of the trademark on its goods was on March 29, 1972. Its first use of 'The Geo. Washington Mint' in both interstate and intrastate commerce was on December 20, 1971. The initial sales effort began in September 1971. Two hundred plates were ordered from the plaintiff through its sales agent on December 22, 1971. At that time the plaintiff had twenty sample plates on hand which it used for display purposes. By January 31, 1972 the plaintiff had received orders for approximately 18,000 Whistler plates and orders for 14,000 Wyeth plates. The orders came from 192 dealers.
>
> "All this makes out a use by the plaintiff of its mark for the purpose of determining priority. 3 Callman, Unfair Competition, §76.1 (3d ed. 1968). Actua' sale is not necessary. New Engla: Duplicating Co. Inc. v. Mendes, 190 F.2d 415, 417, 90 USPQ 151, 152-153 (1 Cir. 1951); 3 Callman, supra §76.2(d) at 288. Here the taking of orders made contracts of sale and the use of 'The Geo. Washington Mint' was an integral part of the process of sale." [Emphasis supplied.] 349 F.Supp. at 260, 176 USPQ at 254-255

The First Circuit in Mendes, supra,

interpreted the definition of "used in commerce" under §1127 and held:

> "It seems to us that although evidence of sales is highly persuasive, the question of use adequate to establish appropriation remains one to be decided on the facts of each case, and that evidence showing, first, adoption, and, second, use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark, is competent to establish ownership, even without evidence of actual sales." [Emphasis supplied.] 190 F.2d 415 at 418, 90 USPQ at 153.

Similarly, in Hotel Corp. of America v. Inn America, Inc., supra, fn. 2, the court held that a party may acquire rights in a designation which may be superior to any rights that a subsequent user may acquire in a confusingly similar term through use thereof in advertising or promotional material connected with the publicizing and/or offering for

sale of goods or services, providing that this use has been of such nature and extent as to create an association of the goods or services and the mark with the user thereof.

[5] Under the holding of Washington Mint, Mendes, and their progeny, the totality of appellee's acts prior to February 5, 1976, shows: (1) adoption of the "New West" mark; and (2) "use in a way sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind" as those of appellee NYM. Although mere advertising by itself may not establish priority of use, Consumers Petroleum Co. v. Consumers Co. of Illinois, 169 F.2d 153, 78 USPQ 227 (CA7 1948), cert. denied 335 U.S. 902, 80 USPQ 600 (1949); Deltronics, Inc. v. H.L. Dalis, Inc. 158

USPQ 475 (1968), the totality of appellee's prior actions, taken together, establish a right to use the trade-mark and trade name "New West." 430,000 individuals received a subscription mailing which contained the "New West" mark on exemplar covers of appellee's new magazine. Countless others saw the "New West" supplement in the February 23, 1976, issue of New York magazine with the mark prominently displayed thereon. Over 13,500 people subscribed to appellee's "New West" magazine prior to the printing of appellant's preview edition. These promotions coupled with advertiser and distributor solicitations unquestionably meet the Mendes "public identification" requirement, and fall squarely under the holding in George Washington Mint.

Appellant has produced no factual dispute relevant to this issue. It merely argues that the district court erred as a matter of law in finding appellee's actions to have constituted a prior use of the mark and consequently entitled to protection. We hold that no material factual issue was presented and that the district court properly found that the right to use the trade-mark and trade name "New West" was the appellee due to its prior "use" of the mark in interstate commerce.

II.

Appellant does not challenge the district court's conclusions that it infringed upon and unfairly competed with appellee in connection with the use of the mark. It challenges only appellee's ownership of the mark. However,

having now decided that appellee had the ownership of and legal right to use the trade-mark and trade name "New West," it is appropriate that we outline our reasons for supporting the district court on these conclusions.

[6] The courts have uniformly held that common law and statutory trade-mark infringements are merely specific aspects of unfair competition. Dresser Industries, Inc. v. Heraeus Engelhard Vacuum, Inc., 395 F.2d 457, 158 USPQ 65, 67-68 (CA3 1968), cert. denied, 393 U.S. 934 159 USPQ 799; Westward Coach Manufacturing Co. v. Ford Motor Co., 388 F.2d 627, 632, 156 USPQ 437, 440 (CA7 1968), cert. denied 392 U.S. 927, 157 USPQ 720; Heaton Distributing Co. v. Union Tank Car Co., 387 F.2d 477, 483, 156 USPQ 299, 303-304 (CA8 1967).

Trade name infringement also is part of the larger tort of unfair competition and it is based on considerations similar to trade-mark infringement. Waples-Platter Companies v. General Foods Corp., 439 F.Supp. 551, 584 (N.D. Tex. 1977). A trade name is descriptive of the manufacturer or dealer himself and applies to a business and its good will, whereas a trademark, in a technical sense, is applicable to the vendible commodities.

[7] Trade-mark and trade name infringement, or unfair competition, preclude one from using another's distinctive mark or name if it will cause a likelihood of confusion or deception as to the origin of the goods. James Burrough, Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 274, 192 USPQ 555,

561-562 (CA7 1976); Dresser Industries, Inc. v. Heraeus Engelhard Vacuum, Inc., supra, at 463, 158 USPQ at 69-70; Franchised Stores of New York, Inc. v. Winter, 394 F.2d 664, 668, 157 USPQ 466, 468-469 (CA2 1968).

[8] Similarly, under the Lanham Act, 15 U.S.C. §1125 (a), the ultimate test is whether the public is likely to be deceived or confused by the similarity of the marks. Quabaug Rubber Co. v. Fabiano Shoe Co., Inc., supra; Smith v. Channel, Inc., 402 F.2d 562, 563, 159 USPQ 388, 388-389 (CA9 1968); Hesmer Foods, Inc. v. Cambell Soup Co., 346 F.2d 356, 359, 145 USPQ 580, 582 (CA7 1965), cert. denied 382 U.S. 839, 147 USPQ 540. Whether we call the violation infringement, unfair competition or false designation of origin, the test is identi-

cal--is there a "likelihood of confusion"?

[9] The Ninth Circuit has defined the elements to be considered in deciding whether there is a "likelihood of confusion." In J. B. Williams Co., Inc. v. LeConte Cosmetics, Inc., 523 F.2d 187, 186 USPQ 317 (CA9 1975), cert. denied 424 U.S. 913 (1976), the court stated:

> ". . . [T]he court must consider numerous factors, including inter alia the strength or weakness of the marks, similarity in appearance, sound, and meaning, the class of goods in question, the marketing channels, evidence of actual confusion, and evidence of the intention of defendant in selecting and using the alleged infringing name." 523 F.2d at 191, 186 USPQ at 320-321.

Neither actual confusion nor intent are necessary to a finding of <u>likelihood</u> of confusion under the Lanham Act. J. B. Williams Co., Inc. v. LeConte Cosmetics,

Inc., supra, at 191, fns. 5, 6, 186 USPQ at 320; Doran v. Sunset House Distributing Corp., 197 F.Supp. 940, 948, 131 USPQ 94, 100-101 (S.D. Cal. 1961), aff'd. 304 F.2d 251 (CA9 1962); McCarthy, Trademarks and Unfair Competition, §23:30(B) (1973).

The court in J. B. Williams, supra, also defined the words "strong" and "weak."

> "A 'strong' mark is one which is used only in a 'fictitious, arbitrary and fanciful manner', see National Lead Co. v. Wolfe, 223 F.2d 195, 199, 105 USPQ 462, 465 (9th Cir. 1955), whereas a 'weak' mark is a mark that is a meaningful word in common usage, see Sunbeam Lighting Co. v. Sunbeam Corp., 183 F.2d 969, 972-973, 86 USPQ 240, 241-243 (9th Cir. 1950), or is merely a suggestive or descriptive trademark, see Majestic Mfg. Co. v. Majestic Electric Appliance Co., Inc., 172 F.2d 862, 80 USPQ 485 (6th Cir. 1949). A 'strong' mark is entitled to a greater degree of protection than is a 'weak' one because of its unique usage, see

Stork Restaurant v. Sahati, 166 F.2d 348, 355, 76 USPQ 374, 378-379 (9th Cir. 1948)." 523 F.2d at 192, 186 USPQ at 320.

[10] The name "New West" does not describe the contents of the magazine nor does the name suggest the type of product involved. See Modular Cinemas of America, Inc. v. Mini Cinemas Corp., 348 F.Supp. 578, 175 USPQ 355 (S.D. N.Y. 1972); Stix Products, Inc. v. United Merchants & Mfrs., Inc., 295 F.Supp. 479, 160 USPQ 777 (S.D. N.Y. 1968). Nor is the name "primarily geographically descriptive" as defined by the cases interpreting §2 of the Lanham Act, 15 U.S.C. §1052 (e)(2).

[11] However, even if "New West" is found to be a "weak" mark, this is only one factor to be considered along with several others in determining "likeli-

hood of confusion." McCarthy, supra at §11:24, analyzed the various protections courts have given "strong" and "weak" marks and stated: "Strong marks are given 'strong' protection--protection over a wide range of related products and variations on appearance of the mark. Weak marks are given a narrow range of protection both as to products and as to visual variations." See Family Circle, Inc. v. Family Circle Associates, Inc., 332 F.2d 534, 141 USPQ 848 (CA3 1964). Therefore, under the facts presented here, appellee is entitled to protection even if its mark is "weak" due to the obvious similarities of the marks in appearance (See Appendix A) and sound, along with the virtually identical product and market distribution area. In light of the strength of these factors,

it is clear that a reasonable consumer of average intelligence and experience would be confused as to the source of these magazines. Identical names, products and area of distribution compel such a conclusion.

Therefore, in weighing all of the elements necessary to a determination of "likelihood of confusion," appellee is entitled to protection of its mark since appellant's use under the undisputed facts presented here creates a false designation of origin and, therefore, unfairly competes with appellee in violation of §1125. The district court did not err in concluding that appellant's acts were likely to cause confusion, infringed upon appellee's trade-mark and trade name "New West," and unfairly competed with appellee in violation of §43

(a) of the Lanham Act, 15 U.S.C. §1125 (a).

III.

[12] The Ninth Circuit has ruled that attorney fees are not recoverable in trade-mark infringement cases under the Lanham Act. Maier Brewing Co. v. Fleischmann Distilling Corp., 359 F.2d 156, 149 USPQ 89 (CA9 In Banc 1966), aff'd. 386 U.S. 714, 153 USPQ 432 (1967).

California state law allows recovery of attorney's fees in unfair competition areas. West Ann. Cal. Bus. & Prof. Code, §17082. However, two Ninth Circuit cases have limited the kind of cases to which §17082 can be applied. See HMH Publishing Co., Inc. v. Brincat, 504 F.2d 713, 721, 183 USPQ 141, 147 (CA9 1974); Pachmayr Gun Works, Inc. v. Olin Mathieson Chem. Corp., 502 F.2d 802,

809-813, 183 USPQ 5, 10-13 (CA9 1974). Pachmayr interpreted the "chapter" referred to in §17082 as that dealing with price discrimination, secret rebates and "loss selling" under the Unfair Practices Act, §§17040-17051. None of the violations set forth there have been violated here. Therefore, even if we applied California state law on the subject, it was error for the district court to allow attorney fees under any of the theories of this case.

CONCLUSION

We hold that viewing the undisputed evidence and the inferences which may be drawn therefrom in the light most favorable to the appellant, the appellee was clearly entitled to prevail as a matter of law. British Airways Board v. Boeing Co., 585 F.2d 946, 950-951 (CA9 1978).

The judgment of the district court is affirmed as modified by elimination of attorney fees. The cause is returned to the district court for such further proceedings as may seem meet and proper in the premises.

It Is So Ordered.

[Appendix omitted.]